

# Star BUSINESS



## Govt may cut growth target, reset inflation goal

REJAUL KARIM BYRON

The government is considering lowering the economic growth target and raising the inflation goal for the current fiscal year 2025-26 (FY26).

Following a review of the latest economic conditions, the Finance Division has proposed trimming the GDP growth target from 5.5 percent to 5 percent, according to a finance ministry official present at a meeting of the Fiscal Coordination Committee on budget matters yesterday.

The session, chaired by Finance Adviser Salehuddin Ahmed, comes amid concerns over the economy's resilience in the face of domestic and external pressures flagged by multilateral lenders recently.

In its latest World Economic Outlook, the International Monetary Fund (IMF) lowered Bangladesh's GDP forecast for FY26 to 4.9 percent, down from its June projection of 5.4 percent.

The IMF report cited political uncertainty, a tighter policy mix, rising trade barriers, and vulnerabilities in the banking sector as key constraints.

Earlier, the World Bank projected 4.8 percent growth, while the Asian Development Bank (ADB) estimated 5 percent for

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## Private sector seeks six-year delay to LDC graduation

Business leaders tell UN delegation that past growth figures were inflated and Bangladesh is not prepared for LDC graduation now

REFAYET ULLAH MIRDHA and REJAUL KARIM BYRON

Top business leaders yesterday urged a visiting United Nations (UN) delegation to recommend deferring Bangladesh's graduation from the least developed country (LDC) club by five to six years.

They cited current macroeconomic stress, inflated growth data under the previous government, and poor overall preparedness for the transition.

After hearing that the private sector is not ready yet, the high-level UN team asked for a detailed roadmap outlining the country's preparations for graduation. It said another delegation would visit Dhaka in January for a further assessment.

<b>LATEST DEVELOPMENT</b>	<b>TRADE IMPACT</b>
UN team in Dhaka to discuss Bangladesh's LDC graduation progress	Graduation will end Bangladesh's preferential trade benefits
<b>BUSINESS CONCERNS</b>	<b>READINESS CHALLENGES</b>
Businesses seek a six-year deferment of LDC graduation	About 73% of exports rely on LDC-related privileges
They warn Bangladesh is not ready due to weak macroeconomic conditions	Bangladesh currently enjoys trade benefits from 38 countries
Bangladesh's preparedness for graduation remains poor	The country is yet to sign major trade deals with key partners

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The country is currently scheduled to graduate from LDC status to a developing nation in November next year. Although the interim government has repeatedly

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## Fix tax rates for illegal phones before NEIR launch

BTRC writes to tax authority

<b>Policy</b>	<b>Impact</b>
BTRC calls for unified tax rate for imported and locally made devices	Retailers fear losses as unsold phones may become unusable after NEIR takes effect
<b>Tax and revenue</b>	
Illegal handset imports cost govt Tk 2,000cr in lost revenue each year	
BTRC for lowering import duties and VAT	
<b>Outlook</b>	
BTRC believes NEIR system will boost formal smartphone industry	

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) has asked the government agencies concerned to set a tax rate for illegally imported but unsold mobile phones currently sitting in retail shops, and to determine a clear timeframe for legalising these devices.

In a letter issued last week, the regulator also urged the government to consider lowering import duties and VAT on mobile phones while creating a harmonised tax structure that applies consistently to both imported and locally manufactured devices.

The letter was sent to the Posts and Telecommunications Division and copied to the National Board of Revenue (NBR), according to officials familiar with the matter.

The need for a clear policy has become more pressing because of the upcoming introduction of the National Equipment Identity Register (NEIR), a system that will prevent any unregistered, duplicate-IMEI, or fake-registered phone from connecting to mobile networks after December 16, 2025.

Devices already active on the networks before the launch will not be disconnected, but phones that have never been activated, many of which are now displayed in retail shops, face an

uncertain future.

Retailers have told the BTRC that without a structured process to legalise these devices, they risk being left with large volumes of stock that cannot be sold once NEIR is operational.

"As per our authority, we have decided to register the unsold handsets currently in the market," said Md Emdad-ul-Bari, chairman of the BTRC. However, the key question remains whether that registration should require the payment of taxes. "If taxes are to be required, it is up to the NBR to set the rate."

The BTRC's letter refers to NBR estimates suggesting that illegal handset imports result in annual revenue losses of about Tk 2,000 crore.

Such devices enter the market without paying duties or VAT, undermining compliant importers and disadvantaging local manufacturers who are compelled to operate within the formal system.

The commission also argued that Bangladesh's current tax structure for handsets is higher than that of many comparable markets, leading to higher consumer prices and weakening the willingness of businesses to import or produce devices legally.

The letter notes that smartphone penetration in Bangladesh remains around 63 percent despite nationwide

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## Laldia Container Terminal opens

Lifts Ctg port's storage capacity by 17%

STAFF CORRESPONDENT, Ctg

The Laldia Container Terminal, located on the upper estuary of Karnaphuli river, was inaugurated yesterday, increasing Chattogram port's container storage capacity by more than 17 percent.

Shipping Adviser Brigadier General (Retd) M Sakhawat Hussain opened the terminal at Patenga of Chattogram, more than a decade after the project received the approval.

The new facility adds 10,000 twenty-foot equivalent units (TEUs) to the port's storage capacity, which now stands at 66,000 TEUs, up from 56,000, according to port officials.

The adviser said the expansion would create new opportunities for trade and business.

Once fully operational, the terminal is expected to reduce vessel waiting times and further strengthen the country's main maritime gateway.

Speaking to reporters, Brig Gen (Retd) Hussain said technology, investment and efficiency are crucial for improving Chattogram port's operations.

The adviser said there is potential for \$4 to \$5 billion in investment around the port.

He also defended the interim government's decision to appoint foreign operators to the port, saying the move would enhance both capacity and efficiency.

Major political parties have been opposing the government's move of leasing out port terminals to foreign firms, citing concerns about national security and interest.

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## Political and geopolitical risks may weigh on growth: BB

STAR BUSINESS REPORT

Bangladesh's economy is projected to strengthen in the near term with the easing of inflation, exchange rates reaching stability, and adequacy in reserves, said a central bank report.

However, political programmes in the run-up to the next general election and geopolitical tensions could pose risks, it said.

The Bangladesh Bank (BB) said the economy demonstrated resilience in fiscal year (FY) 2024-25, achieving moderate growth amid significant domestic and global headwinds.

Inflationary pressures eased throughout the second half of FY25, supported by the BB's tight monetary policy, which reduced domestic demand and inflation expectations.

Also, on the external front, steady export performance, substantial remittance inflows, significant inflows of medium- and long term loans, and a rise in foreign direct investment strengthened the balance of payments conditions in FY25.

"This led to the stabilisation of the exchange rate and the building of comfortable foreign exchange reserves," the BB said in its quarterly report for the April-June period of FY25, published online on Sunday.

The report said the economy reflected a solid performance and signs of macroeconomic stability amidst disruptions linked to the mass uprising in the July-August period of 2024.

The growth of gross domestic product (GDP), the value of final goods and services produced in an economy during a specific period, slowed to 3.97 percent in FY25.

This was due to a weaker performance in agriculture and moderate growth in the services sector, even though the industrial sector showed stronger momentum during the year.

The BB said private consumption expenditure growth decelerated to 4.77 percent in FY25 compared to 5.99 percent in FY24 due to a decrease in real income and purchasing power, along with higher interest rates.

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